

## **FINANCE COMMITTEE REPORT**

July 05, 2011

A Finance Committee meeting was held Tuesday, July 05, 2011 at 5:30 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Allen, Moore, Jones, J. Harrison, Douglas, Winscott

Others Present: County Judge Bob Clinard, JP's King, Hawkins and Curry, Comptroller Richard McComas, Accounting Manager Sarah Daniels, Grants Administrator Richard Redfearn, HR Manager Barbara Ludwig, Administrator of General Services Elizabeth Bowen, Administrator of Public Safety Marshal Watson, Information Systems Director Sidney Reynolds, Captain Mike Sydoriak

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Chair JP Allen called the meeting to order.

Comptroller Richard McComas introduced Sarah Daniels as the new Accounting Manager and stated that she previously worked in the Collector's Office.

### **1. Grants Administrator Report**

Grants Administrator Richard Redfearn reported on grants that have been applied for; 1) Dept. of Justice – Coverdell Forensic Science Improvement Grant – FY 2011; 2) Dept. of Justice – Adult Drug Court FY 2011 Grant; and 3) National Historical Publications & Records Commission Grant for digitizing Public Records. He reported that approval for the Substance Abuse Mental Health Services Administration Grant FY 2011 for \$300,000 has been received. He stated that the Sheriff's office is asking for permission to apply for the Department of Justice – Justice Assistant FY 2011 Grant (JAG).

Administrator of General Services Elizabeth Bowen stated she is working with the Sheriff's Office with the Justice Assistance FY 2011 Grant (JAG), which will allow use of technology to enhance the Sheriff's office, with no county match required. She added that the grant of \$15,861 would pay the salary of the person that will do the programming for the project, which is a program that will create an incident management dashboard that will allow any member of the Sheriff's Office to bring up a program which instantly show the crimes that have been committed over the past 24 hours, a map of where those crimes have occurred, and will store the history of crimes over the past year. She said the program will provide a "hot spot analysis" for any area where a higher rate of crimes have been committed, and will create a gang mapping and statics program that maps the location of gangs, pictures of gang members, and gang tattoos in the system. She said it will also report information on inmates, such as how many females are incarcerated and the type of crimes, and will map warrants that have been entered in the system. She said the system will make more information available to the public, and the grant will provide training for law enforcement staff and the public to use the system. She added that the \$15,861 available would pay \$15.19 per hour for 1,084 hours to do the process, working 19

hours a week for up to 12 months. She stated this would automate the system and be a temporary position.

JP Winscott made motion to authorize application for the Justice Assistance Grant FY2011 grant (JAG), seconded by JP Jay Harrison.

Motion passed by unanimous show of hands.

Richard McComas stated that a resolution will be drafted to go forward with the request.

## **2. Sales Tax Numbers**

Richard McComas stated that sales tax numbers are down 32% compared to last year, and 22% for the year, and that sales tax revenue is down \$938,000 for the year, which is what was expected. He added that sales tax numbers are up 1.67% for the year. He stated if the trend continues we will still meet the projected \$6,330,000 based on the numbers that we are seeing each month.

## **3. Jail Collections**

Richard McComas stated that June was another good month, but that he did anticipate jail fees to start falling because the jail census on state prisoners is going down. He added that they are still anticipating meeting and exceeding the budget for the year.

## **4. Fuel Summery**

Accounting Manager Sarah Daniels reported that to date the Sheriff's Department is at 42% of their budget and the Road Department is at 58% of budget. She reported that average costs for fuel have increased 43%, with a 46% increase for diesel.

Richard McComas stated these costs are for the month in which fuel prices were really high, but that the prices have come down. He stated that money may need to be added to the budget at the end of the year if prices stay up, and that \$3.20 per gallon had been budgeted.

## **5. Monthly Expenditure Report**

Accounting Manager Sarah Daniels reported on the Monthly Expenditure Report and stated at this point in the year budgets should be at 50%, and that General Fund is at 45.87%. She stated that the "Other Services" line item in the Road Department is higher due to storm damages and the purchase of grader blades.

## **6. Mid-Year Revenue Recap**

Richard McComas stated that when the budget was done last year, they had not yet received the total tax revenue for 2010 and did not have the full year's numbers to make the projections for 2011. He stated that overall, the General Fund is up about \$900,000 from what was projected at the beginning of the year, and that the Road Fund is about the same, with both funds being up a total of about \$905,000.

Richard McComas led a discussion on the Mid-Year Revenue Recap report of the budget projections and adjustments to anticipated revenue, and the effect on the over-all budget.

## **7. Fund Balance Recap**

Richard McComas stated that based on the revenue projections for the year and according to what is in the budget for the rest of the year, the county should finish 2011 with \$19 million in reserves. He stated that includes the transfer of \$2.6 million to Capital Projects to complete the Juvenile Justice Center.

Richard McComas stated that based on the reserves of \$19,035,578, and \$40 million for next year's budget, the 10% in required holdback funds will be \$5,903,558, and the unallocated reserves for next year are \$13,132,020. He stated the balance in Capital Projects as of June 30, 2011 is \$2.6 million, and that an additional \$2,625,000 will be transferred to Capital Projects. He added that the remaining cost of the Juvenile Justice Center is \$4.2 million, which will leave a balance of \$946,726 in Capital Projects at the end of the year. He stated that anticipated expenses and projects amount to \$8.9 million, which leaves a balance of \$10,120,578.

JP Moore stated that since we have to share our road revenue with the cities, what has been the change in the percentage that the county receives. Richard McComas stated the county is collecting 37% of the Road Tax, since we decreased our millage to 1.9 mills two years ago, and that 37% was budgeted for 2011. He added that revenue projections in 2011 were the same as 2010, because there was not that much change in property values and that the millage rate had stayed the same.

Richard McComas reported that according to the 2011 Budget Recapitulation sheet, if we stay with the current budget, we should end the year with about \$19 million in reserves, which includes the transfer of \$2.6 million to complete the Juvenile Justice Center.

## **8. Revenue/Expense History**

Richard McComas stated that based on the recap sheet with \$19 million in reserves, the \$40 million budget for the Road and General Funds next year, and the 10% holdback estimate of \$5,903,558; there should be \$13,132,020 in unallocated reserves at the end of the year. He stated that the Capital Projects balance as of June 30, 2011 was \$2,612,162, and there was \$2,625,000 budgeted to be transferred into Capital Projects. He added that the remaining estimated costs of the Juvenile Justice Center are \$4,290,436, which leaves the Capital Projects Fund with a balance of \$946,726 at the end of 2011. He stated that anticipated expenses and projects are \$8,915,000, leaving a balance of \$10,120,578, which includes the \$5,903,558 required holdback. County Judge Bob Clinard reported the anticipated expenses and projects out of reserves; 1) \$500,000 for the Public Service Building Remodel; 2) \$450,000 for the Westside Road Yard Building Construction; 3) \$150,000 in estimated unemployment claims; 4) \$250,000 in road work carryover from 2010; 5) \$2 million to purchase 10 new road graders that are needed; 6) the conversion of the current Juvenile Detention Center into useable county office space, and renovation of the present Public Defender's office space. He said that \$946,726 is available in Capital Projects, so this project will not require an additional appropriation; 7) \$1 million to replenish the Capital Projects Fund; 8) \$3 million for bridge repairs; 9) \$600,000 for the mandated APERS increase in 2012 & 2013; 10) \$40,000 which has already been approved for security cameras in the Courthouse, Annex, and the Administration Buildings; 11) CNG Fuel will be put on hold because it is such a long process and difficult to analyze the cost savings; 12) an additional \$150,000 needed to complete the Juvenile Justice Center; 13) \$75,000 in expenses for moving the Prosecutor's Office, Election Commission, Public Defender's Office, Juvenile Justice Center, Coroner's Office and the Assessor from leased spaces to county owned property.

He stated these are anticipated expenses that will be coming come out of reserves, if approved by the court.

JP Winscott noted that there will be additional security costs for the courtrooms.

County Judge Bob Clinard stated that the U.S. Marshall's Study came back with a report on security increases on the courtrooms. He stated that the Courthouse Security Committee met and discussed what the U.S. Marshall's study recommended. He stated that the big-ticket items were additional deputies (personnel). He added that the recommendation for a back up generator is not economically feasible for a Courthouse built in 1938. He added that batteries and a universal power pack backup system were recommended, and that an estimate for these items will be prepared and presented to the Public Safety Committee.

Richard McComas reported the Revenue/Expenses 10-year history. He stated that the numbers received from Assessor "Bear" Chaney show that the appraised value for the next five (5) years is going to decrease approximately 3.3%, which amounts to about \$1 million in property taxes. He stated that the estimate on the personal property taxes is about 70% complete.

Assessor "Bear" Chaney stated that a lot of the tax decrease has to do with business taxes, and that the personal taxes collected have picked up a lot in the last year. He stated that in 2009, Benton County lost about 900 businesses, but there are more businesses opening back up.

Discussion was held on taxes paid on personal property, real estate property, business real estate and business property. "Bear" Chaney stated that used car values have gone up, and that will help with the personal property tax rating next year.

Richard McComas stated that the Circuit Clerk turned back \$500,000 in excess funds for the previous 2 years in 2011, but she does not anticipate that amount for 2012.

Richard McComas reported on the Benton County Revenue and Expense Summary history for the last nine years, and explained that the history shows what was budgeted for revenue, expenses, and transfers for each year, the expenses that were actually spent, and the revenue that was actually received, and transfers that were made. He stated that the nine-year average shows that revenue has come in over what was actually budgeted, expenses have been less than what was budgeted, and transfers have been a little more than what was budgeted. He stated that there has been a \$1.3 to a \$1.4 million average increase over the past nine years, which includes returned appropriations and additional revenues that were not budgeted. Richard stated over the past 9-year period, \$12 to \$13 million has been added to reserves. He added that when he first came to work for the county, there was \$5 million in reserves, and there is now \$19 million.

JP Douglas noted that this amount does not include any salary increases except what was figured in for the non-recurring salary adjustment. JP Allen stated that number would be about half of what the raises would cost. Richard stated these figures are based on the 2011 Budget, and that actual numbers are important.

JP Allen stated that overall, the county is okay, we can go through the budget process and pay our bills and conduct business, but the big question is, what we are going to do about new positions, road graders, and all of the new things that we want. He noted that they are not in a dire situation where cuts have to be made. JP Moore stated the county is in a lot better condition than it was in 2001 and 2002.

JP Douglas stated that we cannot go on a spending spree and get the county in a struggle. JP Jones questioned if the committee is going to come up with some kind of plan for what they are willing to let go for the rest of the year, what they are wanting to do next year, and what they want to do in 2013. He added that there are bridges, road graders, and other big expenses facing them, and they need to decide when they want to do them.

JP Douglas stated it would be a wise thing to consider how much the county needs to keep in reserves. JP Allen stated that there is a balance in reserves, but that they need to use the money wisely.

#### **9. Items Forwarded from Personnel Committee 06-23-11**

Richard McComas stated the County Judge has requested that of the personnel requests for the departments under his authority, the Director of Planning and Environmental Services be considered before the Truck Driver position.

##### **a.) Department 1 – County Judge**

Re-grade – Executive Assistant (Change in salary)

##### **b.) Departments 31 and 68 Reorganization**

Re-grade DEM Director (Increase in salary)

Re-grade DEM Deputy Director (Decrease in salary)

Re-grade Director of Emergency Communication (Increase in salary)

New Position: Deputy Director of Emergency Communications

Delete: Manager of Emergency Services

##### **c.) Department 60– Collector – Title change**

Deputy Collector – Bookkeeper (Change in salary)

JP Moore made motion to accept the reorganizations and re-graded positions and forward to the July 12, 2011 Committee of Thirteen agenda, seconded by JP Winscott.

JP Allen stated the full-year impact for the reorganization and re-grades would be \$10,819.07.

Administrator of Public Safety Marshal Watson stated that the previous administration created a layer of middle management, and that the proposed reorganization of the Emergency Services and Central Communications Departments is meant to restore those departments to what they were before changes were made in 2010. Watson stated that the 2011 Budget impact for Departments 31 & 68 would be \$581.27, and the 2012 budget impact would be \$1,679.22 for the year.

JP Douglas asked why salaries are being increased for both of the Emergency Management positions but not Emergency Communications. Marshal Watson stated that when the previous administration created the middle management position, that individual was responsible for the direction of CENCOM and Emergency Management, and that the coordinator positions in both departments were scaled down to grade 13. He added that removing the middle management position and reorganizing the two departments that the Director of Emergency Management becomes a grade 16 and the Director of Communications a grade 14, because they will be assuming some of the duties that were handled by the middle management position.

JP Jones asked why the Manager of Emergency Services is being eliminated and changed to the Director of Emergency Communications, and receiving a pay cut. Marshal Watson stated that currently the position is being paid for out of Department 68, as the Deputy Director, and that there will be a Director and Deputy Director for both Emergency Management and Communications.

JP Douglas stated that both the personnel in the Department of Emergency Management are getting raises and both the personnel in CENCOM are getting pay cuts, and that looks like favoritism being shown, and asked if they are trying to run some people off. Marshal Watson

stated that the only person taking a pay cut is the Manager of Emergency Services, and that the Director of Emergency Management and the Director of Communications will receive a pay raise.

Further discussion was held on the reorganization and re-grades of the proposed positions in the Department of Emergency Management, and CENCOM.

JP Winscott asked what the changes in the reorganization would achieve. Marshal Watson stated that he does not have a need for middle management; he wants the department heads to report directly to him.

JP Jones stated that he is concerned about decreasing pay and expecting more responsibility from many of these people. He added that he does not want to see somebody that has the knowledge and experience working with the people to decide to leave because they got a pay cut.

HR Manager Barbara Ludwig stated that one issue discussed at the Personnel Committee meeting was that under the old administration, when middle management was introduced, they reduced the salaries of the directors and heads of the two departments from a grade 15 and 14 down to a grade 13. She stated that eliminating that middle management level resulted in new job descriptions for the two positions, and when they were submitted to the JESAP Committee, they received a grade of 15. She stated this is one grade change from the prior organizational chart.

JP Winscott stated that he understood from a manager's position that a manager should be able to organize his department, but his position is that the county has roughly 650 employees and they were given a one-time nonrecurring raise, because they had not received a raise in two years.

Motion passed by unanimous show of hands.

### **New Positions - Budget Impact in Ranked Order**

JP Allen stated that the total budget impact of all new position requests would be \$107,257.97 for the 2011 and an increase of \$309,856.63 for the 2012 Budget.

#### **1. CID II Investigator – Dept 05**

JP Allen distributed information on the CID II Investigator position and requested Captain Mike Sydoriak to address the committee.

Captain Mike Sydoriak stated that the Sheriff's Department is getting more involved with the Federal Government, and that one Sheriff's Officer has been assigned to the D.E.A. Task Force. He stated that because of the gangs and drug cartels coming into the area, they are making more arrests. He added that the Sheriff's Department is also working with the F.B.I. He stated that they are dealing with people that carry weapons, who are extremely violent, and that the need for security for our officers has gone up. He stated that this other person is needed for the protection of the other officers. He stated that currently, they are pulling personnel from the Field Division who are not as well-trained.

JP Moore made motion to include the first three positions of the mid-year personnel requests, the Director of Maintenance and Building Construction, the CID II Investigator Position, and the Director of Planning and Environmental Services with a full budget impact of \$190,000, and to consider the Truck Driver positions during the 2012 Budget process, and forward to the July 12, 2011 Committee of Thirteen agenda.

\* Motion died due to lack of second.

JP Winscott stated that before they start adding personnel, he would like to be sure that the existing employees are taken care of. He stated that he would like to go through the 2012 Budget process, look at all personnel, the projected needs for 2012, and then prioritize those according to the funding that is available.

### **02. Director of Maintenance and Building Construction – Dept. 23**

County Judge Bob Clinard stated that when construction begins on the Westside Road Department building in August, Jim Edens, the present Facilities Manager, has agreed to go out and be the onsite Construction Superintendent, and they need a person to replace the Facilities Manager position. He added that he would like to upgrade the qualifications for the position to include a degree in Construction or Engineering, or 15 years of experience in building and construction. He stated that this is an extremely important position; the county has 23 facilities, ongoing construction, and ongoing maintenance. He stated that this position will handle all the construction, utility, and janitorial maintenance, along with supervision of the staff.

JP Douglas asked what will happen to the Construction Superintendent at the Westside Road Department facility when it is finished. County Judge Bob Clinard stated that as soon as the Juvenile Justice Center is finished, there is a lot more construction coming up, and someone has to manage that. He added if we do not have a productive position to place him in then that position will be eliminated.

JP Douglas made motion to forward the Director of Maintenance and Building Construction position for a partial year starting August 8, 2011, to the July 12, 2011 Committee of Thirteen agenda, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

### **03. Director of Planning and Environmental Services – Dept. 31-38**

Administrator of General Services Elizabeth Bowen stated we have seen a significant reduction of employees in Planning, Building Inspection/Code Enforcement, and Environmental, including the Planning Director. She added that on the Environmental side, our compliance issues have increased, regulatory positions and ordinances have passed that put these people to work. She added that the state passes mandates and the federal government passes mandates that the county has to be in compliance with. She stated that the Arkansas Natural Resources Commission has stated that there are counties, including Benton County that is not in complete compliance. She added if we do not stay in compliance, it will cost the taxpayers additional costs. She stated if we do not have the staff to implement these policies and ordinances that has been put in place; it is going to cost the county. She stated that it is very important that we have a staff to follow these regulatory requirements. She stated even with development slowing down, the Planning Department still has many county, state, and federal requirements that must be administered, including ADEQ Permits, Corps of Engineer Permits, the National Flood Insurance Program, the Community Rating System, Storm Water MS4 Phase II, Road Cut Bonds, Complaints, and Completion Bonds. She said that all of these are mandates, and that too many positions and key positions in these three departments have been eliminated.

Elizabeth Bowen stated this position will be the Environmental/Planning Director that will be over Environmental/Planning and code enforcement. She added that they would be a Certified

Flood Plain Administrator, and have to get their certification within the first year. She added that revenues from planning, building, and permits have all increased this year.

JP Jones made motion to approve the position with an August 8, 2011 start date, and forward to the July 12, 2011 Committee of Thirteen agenda seconded by JP Moore.

Motion passed by unanimous show of hands vote.

\*JP Douglas then made motion to also forward the CID II position request to the July 12, 2011 Committee of Thirteen agenda, seconded by JP J. Harrison.

Motion passed by unanimous show of hands vote.

#### **04. (3) Truck Drivers – Dept. 44**

JP Allen stated that the Truck Driver position requests will be tabled and discussed during the budget process.

#### **10. Other Business**

County Judge Bob Clinard stated that one of the Superintendents in the Road Department has inoperable cancer. He added that this is a key position, and he has agreed to stay and train the new person in his position. He stated we do not have anybody to replace him, with his skill sets, knowledge, and ability to build structures, and they are asking for this request to be expedited. JP Allen stated that normally a position request would go to Personnel, Finance, and then on to the Committee of Thirteen, but since they do not know how much time they have, they could be wasting valuable time in getting someone into this position.

JP Allen stated that as Chair of the Finance Committee, he has agreed to discuss the position request at this committee. He stated the request is to fund and create a temporary new position, and because of time restraints to forward the request to the July, Quorum Court meeting, he would entertain the idea that if the Finance Committee approves the request, it is then forwarded to the Personnel Committee, and if the Personnel Committee approves the request, then on to the Committee of Thirteen and then the Quorum Court. Richard McComas stated that the budget impact for the position for the remainder of the year would be \$28,000 to \$30,000, with benefits. County Judge Bob Clinard stated this person needs to be an experienced construction person, with experience in form work and concrete, and that this person would be hired in at a lesser salary, but with the same job description. Richard McComas stated that the hire in rate is \$34,000 to \$38,000, for a total budgetary impact of approximately \$50,000 with benefits.

JP Winscott made motion to approve this request based on the information discussed and forwarded to the July 12, 2011 Committee of Thirteen agenda, seconded by JP J. Harrison.

JP Winscott made motion to amend the motion to include the contingency that the Personnel Committee Chair be contacted to hold a Personnel Committee meeting to discuss the request or that the Personnel Chair may decide to forgo the Personnel Committee and send it directly to the Committee of Thirteen, seconded by JP J. Harrison.

Motion passed by unanimous show of hands.



Discussion was held on preparing separate ordinances for the re-grades and reorganization and doing separate ordinances for the new positions requested.

JP Allen recommended that the Finance Committee include the re-grades and reorganization in one ordinance, and five separate ordinances for each new position request.

Richard McComas stated that he is making a request for an appropriation of \$5,000 for a pay salary study which was requested by one of the Quorum Court members. JP Winscott stated that spending \$5,000 for the study and having it available for budget time would be money well spent, as it would provide a lot of valuable information as we try to treat our employees fairly. Barbara Ludwig stated that a study has not been done since 2005, and that they are requesting the study through the Human Resource Department. She stated that in the process, the HR Department will submit a copy of all job titles and wages for the pay study, and the company contracted to do the study will use their existing data base to survey and compare.

JP Winscott made motion to approve \$5,000 for the expenditure for a salary study including a benefits study for Human Resources Department, and forward to the July 12, 2011 Committee of Thirteen agenda, seconded by JP Douglas.

JP Allen stated that the committee would want to know not just the results, but also the questions that were asked, who was included in the survey, and he would like for the Personnel Committee Chair to be involved in the process.

Motion passed by unanimous show of hands vote.

Richard McComas asked that all the positions requested be put on one ordinance to change Schedule 4. He added that they can still vote on each one as they go through them, but he would like to have one ordinance. JP Allen stated that the committee is good with that.

JP Allen announced that the next Finance Committee meeting will be held on Tuesday, August 2, 2011 at 5:30 p.m.

JP Moore announced that the next Committee of Thirteen will be held on Tuesday, July 12, 2011 at 6:00 p.m.

JP Douglas announced that the next Transportation Committee will be held on Thursday, July 14, 2011 at 6:00 p.m.

Upon motion and second the meeting adjourned at 8:22 p.m.